

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

SB 269 – HB 349

March 25, 2011

SUMMARY OF BILL: Requires each covered public water system to prepare and submit a system water plan to the Department of Environment and Conservation (TDEC). Requires TDEC to review any submitted plan and notify the system of any suggested changes. Outlines the information that may be included in the plan: water supply, emergency preparedness, and water conservation. Establishes a dedicated fund for loans, grants, and guarantees to assist public water systems that have submitted a plan in meeting the goals of such plans. Authorizes the General Assembly to make appropriations to the fund.

ESTIMATED FISCAL IMPACT:

**Increase State Expenditures – \$10,800/One-Time/General Fund
\$10,800/One-Time/Environmental Protection Fund
\$280,400/Recurring/General Fund
\$280,400/Recurring/Environmental Protection Fund**

**Increase Local Expenditures – Exceeds \$2,000,000/One-Time*
Exceeds \$200,000/Recurring*
Exceeds \$1,000,000/Every Fifth Year***

Other Fiscal Impact – The provisions of this bill create a dedicated fund to assist local governments in the implementation of certain water supply plans. The bill does provide authorization for appropriations to the fund by the General Assembly, however such funding is not required and an amount is not specified. If such appropriations do take place, state expenditures will increase in an amount equivalent to such appropriation. Any increase in state expenditures to cover the cost of administration of grants and loans from the fund are assumed to be included in any amount appropriated to the fund.

Assumptions:

- According to TDEC, six additional professional staff will be needed to review plans, notify systems of suggested changes, and review amendments or updates to plans.
- An increase in recurring state expenditures of \$560,770 (\$360,000 salaries + \$114,770 benefits + \$86,000 operational). An increase in one-time state expenditures of \$21,600 for these positions.

- The Division of Water Supply is funded 50 percent by the General Fund and 50 percent by the Environmental Protection Fund (EPF).
- An increase in recurring state expenditures of \$280,385 to the General Fund and \$280,385 to the EPF. An increase in one-time state expenditures of \$10,800 to the General Fund and \$10,800 to the EPF.
- Approximately 400 covered water systems statewide.
- A minimum cost of \$5,000 for each system to design the initial water plan as provided for in the bill. This will result in a one-time increase in local government expenditures exceeding \$2,000,000 (400 x \$5,000).
- A minimum cost of \$500 per water system to provide the required annual report. This will result in a recurring increase in local government expenditures exceeding \$200,000 (400 x \$500).
- The bill requires an update of the original system water plan every five years. Assuming a minimum cost per system of \$2,500 to update such plan, there is estimated to be an increase in local government expenditures of \$1,000,000 every fifth year (400 x \$2,500).

**Article II, Section 24 of the Tennessee Constitution provides that: No law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

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